

HEALTH SERVICES AND DEVELOPMENT AGENCY

MINUTES

OCTOBER 25, 2006

AGENCY MEMBERS PRESENT

Koella, Carl, III, Chair
Atchley, Bryan
Morris, John, designee for Commissioner of Commerce and Insurance
Handorf, Charles, M.D.
Jones, Clark
Lammert, Gregory
Troy, Peggy
Weaver, Faye, designee for the Comptroller of the Treasury

AGENCY MEMBERS ABSENT

Caldwell, Gene, M.D., Vice Chair
Gaither, Keith, designee for the TennCare Director

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Bobbitt, Melissa, Administrative Services Assistant III
Brogden, Reid, General Counsel
Craighead, Alecia, Statistical Analyst III
Farber, Mark, Assistant Executive Director
Finchum, Rhonda, Administrative Services Assistant IV
Grimm, Jeff, Health Planner III
Wells, Phil, Health Planner III

GUESTS PRESENT

Antado, Monica, USPI
Bachert, Jim
Blaylocke, Duwayne, HMA
Bolton, Keith A., Clarksville Surgery Center
Boyd-Chambers, Angie, Public Relations Manager, Middle Tennessee Medical Center
Bragg, Tommy, Mayor, City of Murfreesboro
Brent, Michael D., Esq., Boulton, Cummings, Connors & Berry
Brown, Andy, Middle Tennessee Medical Center
Brown, Dere, NHC
Corritore, Danell, Department of Health
Couch, Bobby, CEO, Medical Center of Manchester
Croom, Kennedy, Jr., CEO, Rhea Medical Center
Culp, Joe, Department of Health
Day, Edwin W., Consultant
Duncan, Bruce, NHC
Elrod, Dan H., Esq., Miller & Martin
Falls, Noel, Consultant, Falls Marketing Group
Ferguson, Gordon, President/CEO, Middle Tennessee Medical Center
Foulke, Mark

HEALTH SERVICES AND DEVELOPMENT AGENCY

OCTOBER 25, 2006 MEETING

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Gillespie, Yvette, CEO, Trinity Hospital
Hill, Ronald, Vanderbilt University Medical Center
Hollis, Robert A., MD
Houchin, Barbara, St. Thomas Health System
Holshouser, Sandra
Ibach, Michael B., M.D., Medical Specialty Clinic
James, Bruce, Administrator, Sumner Regional Medical Center
Johnson, Ray, M.D., Middle Tennessee Medical Center
Kiskaddon, Elizabeth, Project Architect, Earl Swensson Associates
Kumatz, David, Sr. Vice-President, Sumner Regional Health Systems, Inc.
Limyansky, Robert M., Consultant
Marshall, Jim, Senior VP of Operations, Associated Healthcare Systems
McLean, Angel
McManus, Mark, Technical Director of the Neuroscience Unit, LeBonheur Children's Medical Center
Mercer, Erin
Michaelson, Richard, M.D.
Morris, Sandy, Practice Manager, Medical Specialty Clinic
Patel, Utpal, MD, Murfreesboro Medical Clinic
Penny, Linda, Comptroller's Office
Rogers, Rick, M.D., Middle Tennessee Ambulatory Surgery Center
Rutland, Steven, AHFD
Sanders, Harold, Rhea Medical Center
Shipley, Dianna, M.D.
Simpson, Ryan, Vice President, Middle Tennessee Medical Center
Stephenson, Kate, Esq., Trauger & Tuke
Straw, Cindy, RN, Clarksville Surgery Center
Strickland, Deb, MVP, Clinical Services, Sumner Regional Medical Center
Taylor, Jerry W., Esq., Farris, Mathews, Branan, Bobango, Hellen & Dunlap, PLC
Thompson, Ann, Board for Licensing Health Care Facilities
Trauger, Byron, Esq., Trauger & Tuke
Turner, Shelly, CNO, Medical Center of Manchester
Weidenhoffer, Carol, Director of Planning, Methodist Health System
Wellborn, John L., Consultant, Development Support Group
West, William H., Esq., Baker, Donelson, Bearman, Caldwell & Berkowitz
Williams, Melvin, DPM, Podiatrist

Chairman Koella called the meeting to order at 8:30 a.m. in the Room 30 of the Legislative Plaza, Nashville, Tennessee.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, made general announcements.

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON applications:

Trinity Hospital - (Erin, Houston County) - Project No. CN0607-046

The discontinuance of obstetrical services and the initiation of mobile magnetic resonance imaging (MRI) services one (1) day per week. The leased mobile 1.5 GE Echo speed Plus MRI will be located in a mobile trailer. The twenty-five (25) licensed acute care bed complement will remain unchanged. Project Cost \$422,990.00.

Yvette Gillespie, CEO, addressed the Agency on behalf of the project. Jim Marshall, Senior VP of Operations, Associated Healthcare Systems was present in support of the project.

Ms. Troy moved for approval of the project based on: 1) Need – The need to discontinue OB/Gyn is based on the lack of ability to recruit a qualified obstetrician to perform these services; 2) Economic Feasibility – The project makes economical sense for the hospital; and 3) The project does contribute to the orderly development of adequate and effective health care. Mr. Atchley seconded the motion. The motion CARRIED [7-0-1]. **APPROVED**

AYE: Jones, Weaver, Lammert, Atchley, Troy, Morris, Koella

NAY: None

ABSTAINED: Handorf

Skyline Endoscopy Center - (Jackson, Madison County) - Project No. CN0607-047

The establishment of an ambulatory surgical treatment center (ASTC) limited to endoscopy for the physicians and patients of Medical Specialty Clinic, P.C. The center will contain three (3) procedure rooms located in approximately 5,158 square feet of leased space in an existing medical office building. Project Cost \$2,680,009.00.

Michael B. Ibach, M.D., Medical Specialty Clinic, and John L. Wellborn, Consultant, addressed the Agency on behalf of the project. Present in support were: Robert A. Hollis, MD and Sandy Morris, Practice Manager, Medical Specialty Clinic.

Dr. Handorf moved for approval of the project based on: 1) Need – The need is established including but not limited to a nearly 10% annual growth in procedures from this group over the last several years; 2) Economic Feasibility – The project is economically feasible as a commercial loan is in place and the rate structure is established; and 3) The project does contribute to the orderly development of adequate and effective health care as licenses are in place and the owning group is a TennCare provider. Mr. Jones seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Weaver, Handorf, Lammert, Atchley, Troy, Morris, Koella

NAY: None

Ms. Troy and Dr. Handorf recused.

LeBonheur Children's Medical Center - (Memphis, Shelby County) - Project No. CN0607-048

The acquisition of a Magnetoencephalography (MEG) unit. The project will include minor renovations of 2,555 square feet of space to accommodate the new equipment. Project Cost \$3,511,589.00.

Byron Trauger, Esq., representing the applicant, addressed the Agency. Mark McManus, M.D. spoke on behalf of the project. Carol Weidenhoffer, Director of Planning was present in support.

Mr. Jones moved for approval of the project based on: 1) Need – The project certainly shows the need; 2) Economic Feasibility – The project's economic factors are in place; and 3) The project contributes to the orderly development of adequate and effective health care to our state. Mr. Lammert seconded the motion. The motion CARRIED [6-0-0]. **APPROVED**

AYE: Jones, Weaver, Lammert, Atchley, Morris, Koella

NAY: None

Medical Center of Manchester - (Manchester, Coffee County) - Project No. CN0607-049

The acquisition of a fixed site Phillips Intera 1.5T HiSpeed magnetic resonance imaging (MRI) scanner and the initiation of services on a full-time basis. The MRI service will be moved from the hospital (as approved in CN0210-095AM) to leased space across the street in the hospital's annex building in approximately 1,680 square feet of space. Project Cost \$2,407,813.00.

Bobby Couch, CEO, addressed the Agency on behalf of the project and Shelly Turner, CNO, was present.

Ms. Troy moved for approval of the project based on: 1) Need – There is a need for the service; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care. Dr. Handorf seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Weaver, Handorf, Lammert, Atchley, Troy, Morris, Koella

NAY: None

Middle Tennessee Medical Center - (Murfreesboro, Rutherford County) - Project No. CN0607-050

The replacement and relocation of the 286 licensed bed, acute care medical center from 400 North Highland Avenue, Murfreesboro (Rutherford County) to the 1500-1800 blocks of the Gateway development bound by Medical Center Parkway, Murfreesboro (Rutherford County) in approximately 595,531 square feet. A magnetic resonance imaging (MRI) unit and two (2) computerized tomography (CT) units will be replaced and located in the new facility. Project Cost \$283,543,024.00.

Dan Elrod, Esq., representing the applicant, addressed the Agency. Gordon Ferguson, President/CEO, and Mayor Tommy Bragg spoke on behalf of the project. Speaking in support were Richard Michaelson, M.D., Ray Johnson, M.D. and Utpal Patel, MD, Murfreesboro Medical Clinic. Present in support were: Robert M. Limyansky, Consultant; Ryan Simpson, Vice President; and Angie Boyd-Chambers, Public Relations Manager.

Mr. Atchley moved for approval of the project **with an expiration date of four (4) years** based on: 1) Need – The need is demonstrated by the age of the hospital, the land-locked situation where they are situated; 2) Economic Feasibility – The project is economically feasible with cash reserves from the parent company; and 3) The project does contribute to the orderly development of adequate and effective health care for this growing city with the hospital and the city working together for the benefit of everyone. Mr. Lammert seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Weaver, Handorf, Lammert, Atchley, Troy, Morris, Koella

NAY: None

Middle Tennessee Ambulatory Surgery Center - (Murfreesboro, Rutherford County) - Project No. CN0607-051

The replacement and relocation of the existing four (4) operating room (OR) multi-specialty ambulatory surgical treatment center (ASTC) from 503 East Bell Street, Suite 100 to the first floor of Medical Office Building 1 due north of Medical Center Parkway, Murfreesboro (Rutherford County) on the campus of the proposed Middle Tennessee Medical Center. The project will include an addition of one (1) OR for a total of five (5) ORs, shelled space for a sixth (6th) OR and one (1) procedure room. The new location will consist of approximately 23,000 square feet of space. Project Cost \$12,421,810.00.

Dan Elrod, Esq., representing the applicant, addressed the Agency. Speaking on behalf of the project were: R.A. Rogers, M.D, and Sandra Holshouser.

Dr. Handorf moved for approval of the project based on: 1) Need – The need is demonstrated as they currently function in an antiquated and geographically disadvantaged challenging facility. It is only sensible that with the approval for Middle Tennessee Medical Center to be moved, this facility be granted approval as well; 2) Economic Feasibility – The project is economically feasible through commercial lease and commercial loan; and 3) The project does contribute to the orderly development of adequate and effective health care as they are a TennCare provider and licenses are in place. Ms. Weaver seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Weaver, Handorf, Lammert, Atchley, Troy, Morris, Koella

NAY: None

Williams Surgery Center, Inc. - (Murfreesboro, Rutherford County) - Project No. CN0607-052

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The establishment of a single specialty ambulatory surgical treatment center (ASTC) limited to podiatry with one (1) operating room and a single pre-and post-op recovery room located in approximately 540 square feet of space. Project Cost \$165,888.60.

Melvin Williams, DPM, Podiatrist, addressed the Agency on behalf of the project. Edwin Day, Consultant, was present.

Mr. Jones moved for approval of the project based on: 1) Need – The need is shown; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care as they are a tremendous supporter of TennCare. Mr. Atchley seconded the motion. **Condition: Limited to a single specialty ASTC for Podiatry and services performed by Dr. Williams.** The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Weaver, Handorf, Lammert, Atchley, Troy, Morris, Koella

NAY: None

Sumner Regional Medical Center - (Gallatin, Sumner County) - Project No. CN0607-053

A partial on-site replacement of the existing hospital and addition of ten (10) beds (4 medical/surgical, 2 obstetrics, and 4 ICU/CCU beds) for a licensed bed increase from 145 to 155. The project consists of approximately 198,234 square feet of new construction and 20,099 square feet of renovated space. Major clinical services include: medical surgical nursing units, CCU, ER, Imaging, Surgery/Recovery, Labor & Delivery, and the Nursery. Project Cost \$82,215,860.00.

Dan Elrod, Esq., representing the applicant, addressed the Agency. Speaking on behalf of the project were: Dr. Dianna Shipley; Bruce James, Administrator; and Deb Strickland, MVP, Clinical Services. Present in support were: Mark Foulke; David Kumatz, Sr. Vice-President, Sumner Regional Health Systems, Inc.; and Edwin W. Day, Consultant,

Mr. Lammert moved for approval of the project based on: 1) Need – The need has been demonstrated as the new facility will provide more efficient flow of patients and services. They will be adding 100% private rooms versus semi-private in the current structure; 2) Economic Feasibility – The project is economically feasible, it is financed through tax exempt debt; and 3) The project does contribute to the orderly development of adequate and effective health care in Sumner County as well as the surrounding counties and they are a strong TennCare provider. Mr. Jones seconded the motion. The motion CARRIED [7-0-1]. **APPROVED**

AYE: Jones, Handorf, Lammert, Atchley, Troy, Morris, Koella

NAY: None

ABSTAINED: Weaver

Mr. Atchley left meeting

Clarksville Surgery Center - (Clarksville, Montgomery County) - Project No. CN0607-054

The replacement and relocation of an existing licensed ambulatory surgical treatment center (ASTC). A replacement and relocation has been approved by unimplemented CN0506-052A. The center will relocate from 1734 Memorial Drive, Clarksville (Montgomery County) to a not yet addressed site at the corner of Cedar Bend Lane, Clarksville (Montgomery County) in approximately 12,500 square feet of space. The project will also increase operating rooms (ORs) from two (2) to three (3) and increase procedure rooms from zero (0) to two (2). Upon approval, CN0506-052A will be surrendered. Project Cost \$3,705,124.34.

Jerry Taylor, Esq., representing the applicant, addressed the Agency. Present on behalf of the project was Keith Bolton, CEO.

Dr. Handorf moved for approval of the project based on: 1) Need – The need has been established; 2) Economic Feasibility – The project is economically feasible through commercial loans; and 3) The project does contribute to the orderly development of adequate and effective health care as it was previously

approved (CN0506-052A). **Condition: The previously approved Certificate of Need No. CN0506-052A is to be surrendered.** Mr. Jones seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Jones, Weaver, Handorf, Lammert, Troy, Morris, Koella
NAY: None

GENERAL COUNSEL'S REPORT

Reid Brogden summarized the following modification requests:

Jamestown Regional Medical Center - (Jamestown, Fentress County) - Project No. CN0210-098A

This request is for the extension of the expiration date from December 1, 2006 to June 1, 2007. The Certificate of Need was approved at the January 22, 2003 meeting for the renovation and expansion of the Emergency and Surgical Departments of the hospital in 23,260 square feet. The construction includes 3 major OR suites, one of which will accommodate all orthopedic procedures. The ER includes 8 exam rooms, two of which will be equipped for cardiac treatment and trauma care. The original expiration date was March 1, 2006 but a nine (9) month extension to December 1, 2006 was granted at the January 25, 2006 meeting.

William H. West, Esq., representing the applicant, addressed the Agency.

Ms. Troy moved for approval of the request for the extension of the expiration date from December 1, 2006 to June 1, 2007. Mr. Jones seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Jones, Weaver, Handorf, Lammert, Troy, Morris, Koella
NAY: None

Rhea Medical Center - (Dayton, Rhea County) - Project No. CN0505-040A

This request is for a 17% project cost increase, 10.4% square footage increase, acquisition of a different refurbished 1.5T magnetic resonance imaging (MRI) unit and acquisition of additional land. The square footage will increase by 7,125 square feet from 68,345 square feet to an estimated 75,470 square feet. The Certificate of Need was approved at the August 24, 2005 meeting for the replacement of the licensed twenty-five (25) general hospital beds of the critical access hospital from US Hwy 27 to 9406 Rhea County Hwy with no increase in beds. The acquisition and conversion of mobile magnetic resonance imaging (MRI) services to a fixed refurbished MRI. The expiration date is October 1, 2008 and the project cost was \$28,515,358.00.

Kennedy Croom, Jr., CEO, and Elizabeth Kiskaddon, Project Architect, Earl Swensson Associates, addressed the Agency on behalf of the project. Present in support were John Wellborn, Consultant.

Mr. Lammert moved for approval of the request for a 17% project increase from \$28,515,358.00 to \$32,613,541.00 and also a 10.4% square footage increase from 68,345 square feet to an estimated 75,470 square feet. Mr. Jones seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Jones, Weaver, Handorf, Lammert, Troy, Morris, Koella
NAY: None

CONTESTED CASES

Mr. Brogden gave a brief update on contested cases.

OTHER BUSINESS

- 1) Ms. Hill presented letters from NHC surrendering their unimplemented certificates of need for nursing home beds at NHC-Nashville, NHC-Smithville and NHC-Sparta. Ms. Hill stated that incidents such as this prove the need for new updated health planning guidelines to be established.
- 2) **Audit Committee** – Ms. Hill gave a brief overview of meeting with Derrick Martin, Audit Manager. Mr. Koella stated that the audit committee will meet after the regularly scheduled Agency meetings. Volunteers will form the audit committee, and others are encouraged to attend as ex-officio members.

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Mr. Koella, Dr. Caldwell, Mr. Atchley and Mr. Gaither have volunteered to serve. The committee will be formalized at the November meeting. Staff will work on a risk assessment draft charter for the Committee's review at the February meeting.

CURRENT REPORTS

Statistical Reports

The reports were accepted into the record.

Finance, Ways and Means Committee Reports

The reports were accepted into the record.

Minutes

The minutes of the September 27, 2006 meeting were accepted with a correction on page 7 reflecting that the Next Generation project was "Denied" and not "Approved" as noted. The minutes were approved by unanimous voice vote.

ADJOURNMENT

There being no further business, the meeting adjourned.

Melanie M. Hill, Executive Director

MMH/mab